



County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

August 30, 2010

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

MOTION TO SEND A FIVE-SIGNATURE LETTER TO SENATE LEADERS REQUESTING PASSAGE OF H.R. 5114 (WATERS, D-CA) RELATED TO THE NATIONAL FLOOD INSURANCE PROGRAM (ITEM NO. 51-D – AGENDA OF AUGUST 31, 2010)

Item No. 51-D on the August 31, 2010 Agenda is a motion by Supervisors Ridley-Thomas and Knabe to send a five-signature letter to Senators Harry Reid, Dianne Feinstein, Barbara Boxer, Mitch McConnell and other Senate leaders requesting passage of H.R. 5114 (Waters), also known as the Flood Insurance Reform Priorities Act of 2010, which would authorize the National Flood Insurance Program (NFIP) of the Federal Emergency Management Administration to enter into and renew flood insurance policies through Fiscal Year 2015, and make several changes to the NFIP, during the 2009-10 Legislative Session.

The County went on record in support of H.R. 5114 and other similar legislation, which would reduce the impact of mandated flood insurance coverage on County residents, in the August 16, 2010 Washington, D.C. Update (attached). As indicated in the August 16, 2010 Washington, D.C. Update, H.R. 5114 is consistent with existing Board policy to “support proposals and funding to improve the capacity of State and local governments to plan, prepare, and respond to emergencies, including those involving acts of terrorism, natural disasters, and public health emergencies.” **Therefore, the motion to send a five-signature letter to Senators Harry Reid, Dianne Feinstein, Barbara Boxer, Mitch McConnell and other Senate leaders urging passage of H.R. 5114 is consistent with existing Board policy.**

WTF:RA
EW:sb

Attachment

c: Executive Office, Board of Supervisors
County Counsel

“To Enrich Lives Through Effective And Caring Service”

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August 16, 2010

To: Supervisor Gloria Molina, Chair
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Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

WASHINGTON, D.C. UPDATE

This memorandum includes a pursuit of County position on legislation regarding the National Flood Insurance Program.

Pursuit of County Position on Legislation

H.R. 5114 (Waters, D-CA), also known as the Flood Insurance Reform Priorities Act of 2010, would authorize the National Flood Insurance Program (NFIP) of the Federal Emergency Management Administration (FEMA) to enter into and renew flood insurance policies through Fiscal Year 2015, and make several changes to the NFIP which would increase premium income for specified properties.

Under existing law, FEMA charges premium rates under NFIP below the amount necessary to offset the expected cost (also known as the full-risk cost or actuarial cost) for properties built before a community's flood insurance rate map (FIRM) was completed, or before 1975, whichever is later. Those properties, which make up about 20 percent of all NFIP policies, are collectively known as pre-FIRM properties. The date of FIRM for Los Angeles County is December 2, 1980.

H.R. 5114 would make several changes to the NFIP, including: 1) delaying for five years the mandatory flood insurance purchase requirement for properties recently designated as being within a Special Flood Hazard Area (SFHA); 2) providing

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temporary discounted premiums for such properties over a five year period; 3) increasing the maximum coverage for structure and contents; 4) requiring FEMA to provide for public outreach regarding flood zone maps and the need for purchasing flood insurance; and 5) providing a phase-in of actuarial rates for nonresidential properties, recently purchased pre-FIRM single-family properties used as residential residences, and non-primary residences.

The bill would also: 1) amend National Flood Insurance Act (NFIA) to set forth a five-year phase-in of flood insurance rates for newly mapped areas not previously designated as having special flood hazards; 2) make any community that has made adequate progress on reconstruction or improvement of a flood protection system eligible for flood insurance premium rates not exceeding those which would be applicable if the flood protection system had been completed; 3) require flood insurance regulations to permit certain low-income policyholders (families whose income level is at or below 200 percent of the poverty line) to pay insurance premiums in monthly installments; and 4) subject lenders to civil monetary penalties for requiring, in connection with any loan, the purchase of flood insurance coverage under NFIA, or for purchasing such coverage, in an amount exceeding the minimum mandatory amount.

In addition, H.R. 5114 would: 1) authorize the FEMA Administrator to make grants to local governmental agencies responsible for floodplain management activities in communities that participate in the national flood insurance program to implement outreach activities to encourage the purchase of flood insurance protection; 2) prescribe formulae for the maximum amount of insurance coverage for multi-unit, non-residential rental properties containing more than one dwelling unit, including pre-FIRM structures; and 3) establish the Office of the Flood Insurance Advocate to assist insureds under the NFIP in resolving problems with FEMA and assist communities and homeowners with interpreting, implementing, and appealing floodplain maps and floodplain map determinations.

The maximum aggregate amount of insurance coverage is increased from \$250,000 to \$335,000 for certain single or multifamily dwelling residential structures, from \$100,000 to \$135,000 for dwelling unit contents, and from \$500,000 to \$670,000 for non-residential properties. The minimum deductible for claims for flood damage to pre-FIRM properties is \$1,500 for insurance coverage of \$100,000 or less and \$2,000 for coverage greater than \$100,000. The minimum deductible for claims for flood damage to post-FIRM properties is \$750 for insurance coverage of \$100,000 or less and \$1,000 for coverage greater than \$100,000.

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The Department of Public Works (DPW), acting on behalf of the Los Angeles County Flood Control District, is the lead County agency advising the Board of Supervisors on flood control management issues. As a member in the NFIP, DPW's Watershed Management Division is also the coordinator for the unincorporated areas of the County for implementation of this program. DPW indicates that H.R. 5114 would have a positive fiscal impact on Los Angeles County property owners.

According to DPW, over 11,000 properties are expected to be affected due to the decertification of levees at Dominguez Channel and Compton Creek. Residential and business property owners in these areas would not have to purchase flood insurance ranging from \$700 to \$2,500 and \$1,300 to \$5,100 respectively, and on an annual basis, for properties in the SFHA for at least five years after the effective date of the new flood zone maps. After that five year period if there is a need for purchasing flood insurance, it would be discounted premiums for such properties over an additional five year period. DPW states the savings to property owners behind decertified levees in the County will be in the millions of dollars. Therefore, DPW recommends that the County support H.R. 5114.

Support for H.R. 5114 is consistent with existing policy to "support proposals and funding to improve the capacity of State and local governments to plan, prepare, and respond to emergencies, including those involving acts of terrorism, natural disasters, and public health emergencies." Therefore, **the Washington, D.C. advocates will support H.R. 5114 or similar legislation which would reduce the impact of mandated flood insurance coverage on County residents.**

This measure is currently passed the House Floor by a vote of 329 to 90 on July 15, 2010, and is currently in the Senate Committee on Banking, Housing and Urban Affairs awaiting a hearing.

We will continue to keep you advised.

WTF:RA
EW:sb

c: All Department Heads
Legislative Strategist